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FRENCH BUYING MORE U.S. AGRICULTURAL PRODUCTS

PLANS FOR 1968 TOKYO FAIR

JUL 25 1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Aerial top-dressing on New Zealand's pastures, Mt. Ruapehu in the distance. New Zealand livestock and dairy farmers are coping with price problems this year. For details turn to the article on page 8.

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GUATEMALA —and its flourishing RUBBER INDUSTRY

By DALTON L. WILSON
U.S. Agricultural Attaché, Guatemala City

Guatemala today is producing nearly six times as much rubber as it was in 1960; and in the foreseeable future, its rubber production is expected to become a multi-million-dollar crop, making a significant contribution to the stabilization of returns from agriculture—and, indeed, from the entire economy. This rapid expansion is part of a determined effort by the Guatemalan Government to lessen the country's economic dependence on its traditional export crops—coffee and bananas.

Along with the bigger rubber output has come a vigorous surge in demand—for both natural and synthetic types of rubber, both imported and locally produced. This probably accounts for the fact that Guatemala's own rubber exports have remained at about the 1960 level despite the steady increase in production. If rubber consumption also continues to increase in other countries of the Central American Common Market, there will be lively demand for all that Guatemala can produce—even at the rising levels that are in view as newer plantings come into bearing.

How the rubber program began

With the decline in world prices of coffee and the reduced exports of bananas in the late 1950's and early 1960's, it became apparent that Guatemala must seek other crops to maintain and—if possible—improve its earnings from agricultural products.

Since the climate and soils in selected areas of the country are particularly well adapted to rubber production, the Guatemalan Government began to place more emphasis on rubber in the diversification program. This program was stimulated in August 1959 by a loan of up to $5 million, made available to the Bank of Guatemala from the Development Loan Fund. These funds were subloaned to private investors for planting some 80,000 acres of rubber trees on suitable lands in Guatemala. By September 1966, $3.3 million of the original $5 million had been reloaned

Top, grafting a young rubber tree; center, tapping trees. Scientists at Los Brillantes experiment station are carrying on research to improve latex yields and resistance to disease. Bottom, worker displays sample of raw Guatemalan rubber at a processing plant located near Retalhuleu.

The industries of the Central American Common Market—like this Guatemalan tire factory and a new one in Costa Rica—need Guatemala's rubber.

to producers in accordance with their stage of rubber production, and the balance is now being committed.

Operations for which financing was available included land preparation, planting, and improved cultural practices, up until the time the trees reached tapping age at the beginning of their seventh year. Loans were fixed at a maximum of $225 per acre for a 10-year period. All loans had to be authorized by the Ministry of Agriculture to assure that the investment would be made in the most suitable areas and that the seedlings were adapted to the specific zone.

The U.S. Agency for International Development has provided technical assistance to the Government of Guatemala for developing high-yielding and disease-resistant stock and for selecting the most suitable land. Guatemala has benefited from a number of years of U.S.-sponsored research in the breeding and selection of rubber varieties resistant to South American leaf blight. The Los Brillantes experiment station, established in 1957 near Retalhuleu on 1,115 acres of government-owned land is the rubber research center.

How the rubber area has increased

By 1965, an estimated 26,000 acres were planted to rubber. The principal rubber-producing zone is the south Pacific coast, where about 85 percent of the plantings are located. The remaining 15 percent are distributed in the Departments of Izabal, Alta Verapaz, and El Peten. Of the rubber-producing zones, the Pacific coast is considered the most suitable because of greater soil fertility, more appropriate topography, and better accessibility to farms, consuming areas, and ports. Also more favorable are the availability of labor and the lower production costs.

On the northern coast, plantings usually reach maturity at 6 years instead of 7, because of a better rainfall distribution. But the abundance of rainfall also has adverse effects, by contributing to lower latex production and by encouraging a leaf fungus that thrives in the humidity.

In 1965, about 1,816 of the acres planted were in production—only 7 percent of the total. In 1966, 3,180 additional acres (which were planted in 1959) came into production. Even assuming that no more trees were planted after 1965 (which is undoubtedly not the case), 24,458 acres would be in production by 1972 if all the trees planted between 1959 and 1965 come into bearing as they reach 7 years of age. This would represent a five-fold increase from 1966.

Rubber production increased from 472 short tons in 1960 to 755 in 1965. Taking into consideration the increase in the number of trees which came or will come into production since then, as well as the annual increase in latex yield per tree up to the 10th year, rubber production probably totaled around 1,775 short tons in 1966 and is expected to reach 2,690 in 1967.

Since, in general, prices paid to Guatemalan producers are about the same as those on the New York market, the value of rubber production in Guatemala in 1965 totaled some $300,000; it is estimated at around $740,000 for 1966 and $1.1 million for 1967.

As tapping age arrives for the trees that were planted between 1959 and 1965 and for subsequent plantings, the value of Guatemala's rubber crop will continue to increase annually. Official forecasts indicate that when 80,000 acres of rubber trees—the present goal—are in production, rubber will be a $24-million-a-year crop, providing employment for 17,000 workers.

How Guatemala's rubber is used

The apparent local demand for rubber in Guatemala increased from 897 short tons in 1960 to 2,986 in 1965—a rise of 233 percent. However, only 25 percent of this amount was locally grown; the remainder—generally about half-and-half natural and synthetic—was imported. It would seem that the need for rubber is at present growing faster than Guatemala's rubber trees.

Currently, the country has fourteen industries that consume natural and artificial rubber. The largest of these is the tire factory, which in 1965 produced 180,000 units (tires and tubes) and consumed 2,666 short tons of rubber. Preliminary estimates indicate that in 1966 its rubber consumption went up another 300 short tons.

Other countries of Central America can be expected to add to the demand for Guatemala's rubber as the area's industry develops. For example, Costa Rica has recently opened a tire factory with a capacity similar to the one in Guatemala. This plant is expected to be producing at the same level as the Guatemalan firm by 1975.

The General Treaty for Central American Economic Integration provides strong financial incentives—including various levels of exemption from customs duties and taxes—to Central American industries using a high proportion of local raw materials or of products manufactured from them. Thus, industrial development in the Central American Common Market appears to offer a natural outlet even for the peak production of Guatemala's rubber program. And that program appears to offer the CACM countries a growing opportunity to conserve the foreign exchange they are now obliged to spend on supplies of natural and artificial rubber from outside the area.

French Buying of U.S. Agricultural Products Continues To Mount

By PAUL E. QUINTUS
U.S. Agricultural Attaché, Paris

While France is well known as an agricultural country and is plagued with certain farm surpluses, it is, nevertheless, a substantial importer of farm products. It has a wide range of soils and climates, but it does not produce cotton, soybeans, peanuts, nor citrus fruits, and hard wheat, rice, and tobacco are grown in insufficient quantities. All of these items France imports as well as a full range of tropical products. Thus, agricultural imports are clearly an important feature of the French economy.

Last year these imports had a c.i.f. value of over $2.9 billion. This figure falls into perspective when one realizes that France's population is one-fourth that of the United States where the yearly farm-import bill amounts to only about $5 billion.

Another record set

For the U.S. farmer France is a growing market. Last year, calendar 1966, saw France importing $230 million worth of agricultural commodities from the United States. This was a new record. As recently as 1962 U.S. farm exports to France totaled somewhere around $146 million.

Compared with 1965 (and prior years) most commodity groupings showed an upward trend last year. The notable exceptions were cotton and linters, down sharply, and dairy products, out of the picture in 1966 compared with substantial imports from the United States ($11.8 million) in 1965. Seeds and tallow also decreased from a year earlier. Seed imports from the United States were down one-third, and imports of tallow and other inedible livestock products were two-thirds smaller than in the year before.

These decreases, however, were considerably more than offset in 1966 by increases in other commodities. The leading group, oilseeds and oilseed products (largely soybean meal), reached $73 million, or $16.5 million more than in 1965. Grains (mainly durum wheat, hard bread wheats, and corn) were in second place at $58 million, also up sharply from 1965 and previous years. In fact, more than half of France's imports of U.S. farm products was made up of these two items—which may seem surprising since France is a surplus producer of wheat and feedstuffs. It is a question of kinds and varieties—exporting some of these items while importing others, plus a deficit in oilseed cake and meal.

Cotton, variety meats, other

Although considerably lower, cotton and linters at $22 million held the third position in 1966, followed closely by variety meats at $21.5 million. The impressive feature with respect to variety meats is the sharp upward trend that has occurred since 1962 when the trade with the United States was valued at only $4.5 million. Conversely, the cotton trend has been in the opposite direction. Since there has been no French governmental intervention in matters pertaining to cotton imports, it can only be concluded that the United States was undersold by competitive suppliers.

Next in order of importance—and the only other commodity group which exceeded $10 million—were fruits and fruit products, with a total of $14 million. However, U.S. tobacco and tobacco products combined remained about the same at $9.8 million. In terms of growth rates, U.S. rice imports did exceedingly well, rising from less than $500,000 in 1962 to more than $3 million in 1966.

Certain percentage comparisons are interesting. For example, the $230 million worth of U.S. farm products

C.I.F. VALUE OF FRENCH IMPORTS OF U.S. AGRICULTURAL PRODUCTS, 1962-1966; WITH FRANCE'S TOTAL AGRICULTURAL IMPORTS AND U.S. SHARE, 1966

Commodity	1962	1963	1964	1965	1966	1966	
						Total all countries	U.S. share
	1,000 U.S. dol.	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*Percent*
Grains (except rice)	35,212	30,744	40,462	50,316	57,853	99,730	58.0
Rice	480	517	213	1,183	3,072	18,060	17.0
Oilseeds and products	35,903	43,961	58,655	56,616	73,062	390,680	19.0
Beans, peas and lentils	1,960	4,064	3,593	3,650	3,720	16,980	23.0
Seeds	1,447	1,871	2,360	2,117	1,412	13,560	10.4
Fruits and products	8,914	12,061	13,062	13,463	14,115	390,911	3.6
Red meats	0	209	8,489	487	1,840	164,900	1.1
Variety meats	4,459	8,733	15,865	19,842	21,571	38,850	55.0
Dairy products	518	14	7,146	11,759	.....	45,880	.....
Tobacco, leaf	2,408	3,660	3,699	4,057	5,677	39,490	14.4
Tobacco products	5,531	6,448	5,588	4,018	4,132	16,610	25.0
Hides and skins	1,756	4,353	5,505	2,955	3,774	116,040	3.0
Tallow and other inedible livestock products	1,259	1,753	2,875	4,426	1,424	5,700	25.0
Cotton and linters	36,105	39,877	54,604	27,553	21,902	178,130	12.0
All others	9,848	9,935	5,484	14,558	16,546	1,401,629	1.3
Total agricultural imports from U.S.	145,800	168,200	227,600	217,000	230,100	2,937,150	7.8
Total imports from U.S.	780,686	1,041,873	1,145,153	1,096,414	1,208,885	.....	.....
	Percent	*Percent*	*Percent*	*Percent*	*Percent*		
Percent agricultural	18.7	16.1	19.9	19.8	19.0	.....	.....

French Customs, Paris, France.

FRENCH EXPORTS OF FARM PRODUCTS, 1966

Item	United States	EEC partners	Other countries	Total exports
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
Live animals	0.9	23.8	12.1	36.8
Meat and offals	.....	80.5	18.0	98.5
Fish	.....	.....	.....	.....
Milk and milk products, honey	7.4	133.8	99.9	241.1
Other livestock products	2.5	10.2	6.0	18.1
Live plants	.1	6.7	3.3	10.1
Vegetables	.2	31.2	24.7	56.1
Fruits and nuts	.....	46.7	22.5	69.2
Coffee	.1	1.0	.7	1.8
Grains	.2	250.8	262.7	513.7
Milled products	.4	11.5	48.6	60.5
Oilseeds and seeds	.4	29.0	19.2	48.6
Tanning materials	.1	1.3	3.3	4.7
Miscellaneous vegetative products	.3	.5	.8	1.6
Fats and oils	.3	18.9	31.6	50.8
Meat and fish preparations	1.3	7.0	17.3	25.6
Sugar	1.5	36.1	58.8	96.4
Cocoa	.2	6.0	4.4	10.6
Cereal preparations	.5	10.7	9.9	21.1
Preserved vegetables and fruit	4.2	27.5	19.1	50.8
Other food preparations	2.0	10.7	8.8	21.5
Beverages	31.5	84.8	95.7	212.0
Food industry residues	.1	37.6	12.0	49.7
Tobacco and products	.1	1.7	7.6	9.4
Essential oils	10.2	9.4	27.1	46.7
Albumin and casein	1.5	8.5	3.9	13.9
Raw rubber	.1	.1	.1	.3
Hides and skins, leather	3.3	24.8	9.3	37.4
Raw wool and waste	5.7	41.8	13.1	60.6
Raw cotton and linters	.....	.3	.1	.4
Total	75.1	952.9	840.6	1,868.6
Percent	4.0	51.0	45.0	100.0

French Customs, Paris.

that France imported in 1966 represented 19 percent of total imports from the United States, but only 7.8 percent of total French imports of farm products from all sources.

On the other hand, the United States supplied more than half of France's grain imports (58 percent), and also more than half (55 percent) of the variety meats. But because of France's heavy dependence on mainly African sources of edible oils, oilseeds, and oilseed cakes, the record U.S. shipments of these products still represented only 19 percent of total French imports.

The United States was also a substantial supplier of tobacco products, 25 percent; tallow, 25 percent; beans, peas, and lentils, 23 percent; rice, 17 percent; leaf tobacco, 14.4 percent; cotton, 12 percent; and seeds, 10.4 percent.

Exports go largely to EEC partners

On the export side, France does a big business. Value-wise, however, the country's farm exports in 1966 at $1.87 billion were about $1 billion less than its farm imports.

Most French agricultural exports now go to other EEC countries—$953 million, or 51 percent, last year. The United States is a relatively poor customer for French farmers, taking only $75 million worth in 1966, or 4 percent of France's agricultural exports. Beverages—largely wines and brandies—were by far the largest single item in trade with the United States.

Grains represented the most important French farm export in 1966, amounting to $513 million. Almost half of this was shipped to EEC partners, which made grains the largest single item in the Community trade picture. Second in importance—and also holding second place in sales to EEC countries—were milk and milk products, mainly cheese. Beverages, mostly wine, at $221 million made up the third most important French export item.

West German Housewives Find Poultry Competitive With Red Meats

By JOSE M. RICARDO
Office of Reports and Statistics, FAS

Although the United States has lost most of its market for whole broilers in West Germany, the Foreign Agricultural Service keeps a sharp eye on developments there. This analysis measures the effect of various factors on German poultry consumption.

The West German housewife has been stepping up her poultry purchases in recent years. Among the reasons for this are, first, plentiful supplies of poultry at decreasing prices; second, a favorable relationship between prices of poultry and prices of red meat; and third, rising incomes.

Supplies of broilers in West Germany have been abundant in recent years, and prices have been on a declining trend. The United States furnished much of the supply in the late 1950's and early 1960's but with erection of high protective walls around the European Economic Community in 1962, supplies have come increasingly from the Netherlands, France, Belgium, and West Germany itself.

As supplies of broilers have increased, prices have decreased although prices at retail have not fully reflected the decline in prices at wholesale. Nor are prices as low as they would be if American poultry were admitted at moderate tariff levels. Nevertheless, the average price of broilers in 1965 was 7 cents a pound less, or 11 percent lower, than it was in 1955. At the same time, prices of competing meats advanced. For example, prices of pork (chops) went up 33 cents a pound, or a gain of 58 percent. Prices of beef (with bones, for roasting and broiling) rose 34 cents a pound, or 65 percent.

Gets the most for her money

Like her American counterpart, the West German homemaker tries to stretch her food dollar as far as she can. So she buys more poultry, not only because prices have declined, but also because poultry is a good buy in relation to prices of other meat. For example, the value of 1.0 pound of broiler meat in 1955 would buy 1.16 pounds of pork chops and 1.25 pounds of beef, which of course, made red meat the best buy. But in 1965, the value of 1.0 pound of broiler meat would buy only 0.66 pound of pork chops and 0.68 pound of beef, making poultry a relative bargain. So the West German homemaker has tended to switch to poultry.

While relative values of foods were shifting, per capita real incomes were rising. Real incomes—derived by divid-

ing actual annual income by the consumer price index, 1962 equals 100—rose from $768 per capita in 1955 to $1,329 in 1965. This change also influenced poultry consumption. Statistical analysis shows that for every 10-percent increase in real income, a 6.3-percent increase in poultry meat consumption is likely to occur.

Computations based on the figures in the table, adjusted for changes in the price level, have value in forecasting future consumption. For example, if by 1970 real prices of red meat do not change, if real income continues to rise at the current rate, and if the retail price of broiler meat drops slightly to 50-54 cents a pound, poultry meat consumption will increase 3.2 pounds per capita to a total of 18.2 pounds. That would mean aggregate poultry meat consumption in West Germany in 1970 of some 1,132 million pounds, as compared with 785 million pounds in 1965.

However, the European Economic Community undoubtedly will try to meet the needs of its own consumers to the greatest extent possible. That will be accomplished, as has been the case since 1962, by keeping tariff walls high against U.S. and other imported poultry, notably whole broilers. This policy of protectionism, adopted over vigorous U.S. protests, has not worked completely to the benefit of the EEC. In recent months, the protective system has stimulated production to such an extent as to hamper orderly poultry marketing. The current policy of reliance on heavy subsidization of poultry exports to third country markets does not appear to be a satisfactory solution to the market glut that has developed.

Eventually, the EEC must bring production more nearly into line with consumption—and at the same time raise consumption by setting retail prices at more reasonable levels. To the extent that such shifts alter existing trends, the estimate of 1970 consumption would be modified.

(This article is based on a multiple regression analysis of the five factors shown in the accompanying table. Mr. Ricardo will furnish additional technical details of that analysis to any readers who may be interested.)

FACTORS RELATED TO POULTRY MEAT CONSUMPTION IN WEST GERMANY, 1955-65

Year	Broilers, retail price	Beef (with bones) for roasting and broiling, retail price	Pork chops, retail price	Real income	Poultry consumption per capita
	Cents per pound	*Cents per pound*	*Cents per pound*	*Dollars per year*	*Pounds per year*
1955	66.1	52.8	56.8	768	3.7
1956	68.0	55.9	61.8	819	4.6
1957	69.6	57.5	64.1	865	5.3
1958	69.3	58.9	65.1	895	6.4
1959	65.3	64.1	72.6	944	8.4
1960	62.6	65.3	73.7	1,092	9.9
1961	59.8	66.8	77.7	1,152	11.9
1962	56.7	68.0	79.6	1,194	12.3
1963	59.8	69.9	84.6	1,218	11.9
1964	60.4	78.2	88.5	1,289	12.8
1965	59.1	87.0	89.7	1,329	13.9

Rice Crop on the Increase but Cut This Year by Indian Drought

Nearly all world areas increased rice acreages and produced record crops in 1966-67. The big exception was India, which normally accounts for about a third of the rice harvest of the Free World; output there was sharply curtailed by severe drought in three adjoining rice States in the north-central region—Bihar, Madhya Pradesh, and Uttar Pradesh.

Bad weather also lowered production to some extent in other parts of Southeast Asia. Drought reduced Pakistan's crop by 9 percent, and floods adversely affected crops of Cambodia, Laos, and South Vietnam.

Owing to the magnitude of India's annual rice harvest in comparison with other countries, the overall picture shows the world crops this season to be as much as 6 percent below the 1964-65 record harvest. World production of rough rice in 1966-67 (August-July), excluding Communist Asia, is now estimated by the Foreign Agricultural Service at 163 million metric tons.

WORLD PRODUCTION OF ROUGH RICE[1]

Continent and country	Average 1960-65	1964-65	1965-66[2]	1966-67[2]
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*
North America	3.85	4.27	4.60	5.00
South America	7.83	9.10	8.79	9.10
Western Europe	1.40	1.44	1.20	1.42
Eastern Europe	.15	.15	.14	.18
USSR	.31	.47	.58	.71
Africa	5.31	5.74	5.59	5.84
Asia	141.11	151.83	138.93	140.71
Asia excluding India	88.00	93.22	92.43	93.71
Oceania	.16	.17	.20	.22
Total	160.12	173.17	160.03	163.18
Total excl. India	107.12	114.56	113.53	116.18

[1] Excluding Mainland China, North Korea, and North Vietnam. [2] Preliminary.

The production gain in countries outside India and Mainland China—the world's two major rice areas—was the result of record yields per acre harvested on record acreages. Responding to improved methods, yields generally are on the increase where weather permits.

Several countries of Asia had good or record rice crops. Thailand had a record harvest, and production rose in Malaysia, Indonesia, Japan, South Korea, and the Philippine Republic.

The season was favorable for rice in the Western Hemisphere. Output of North America increased 9 percent, led by the United States with a 11.5-percent rise in production. Mexico and all countries of Central America shared in the increase, and the South American harvest is expected to approximate or exceed the record crop of 2 years before.

Improved yields caused production in Western Europe to surpass the small crop of the preceding year by a considerable margin and to rise 2 percent above the average. The USSR and Eastern Europe increased output markedly over 1965-66. The USSR harvested a record crop, having steadily increased both acreage and yield in the 1960's.

Africa's record production was 4 percent larger than in 1965-66. Crops increased in such main producing countries as the UAR (Egypt), the Malagasy Republic, Nigeria, and Sierra Leone. Australia continued to expand rice production; its acreage gained 12 percent, and near-record yields resulted in a harvest 9 percent over 1965-66.

Low Prices Slow Down New Zealand's Production Campaign

By W. GORDON LOVELESS
U.S. Agricultural Attaché
Wellington

New Zealand is on a drive to expand livestock numbers and the output of livestock products for export to materially help the country's growing economy. Notwithstanding sizable gains made since the campaign began in 1964, New Zealand's agricultural industries have run into some difficulties which may prevent them from keeping to their target schedule.

The ultimate objective of the production program is to reach an export level of $US1.3 billion by 1972, an income believed to be sufficient to sustain an equitable balance-of-payments position. Reaching the goal would mean a 4.4-percent national growth rate for New Zealand's exports, compounded annually from 1962-63 to 1972-73. Expressed in livestock numbers, the target is 111 million ewe-equivalent units, an average annual increase of 3.3 percent, at compounded rates.

"Ewe equivalent" is the common denominator used in New Zealand to conveniently count the large numbers of cattle and sheep which graze on the country's abundant pastures. The counting basis is shown below:

Sheep:	
Ewes	1.0
Others	.8
Dairy cows:	
Cows in milk	7.0
Others	4.0
Other cattle:	
Beef cows and heifers	5.0
Others	4.0

Expressed numerically, these are the targets adopted as necessary to balance overseas payments:

Item	Ewe equivalent	Compounded annual rate of increase
Actual numbers,	*Millions*	*Percent*
June 1962	80	....
Targets:		
1965-66	95	6.3
1967-68	99	1.8
1972-73	111	2.4
Average, 1962-63 to 1972-73	....	3.5

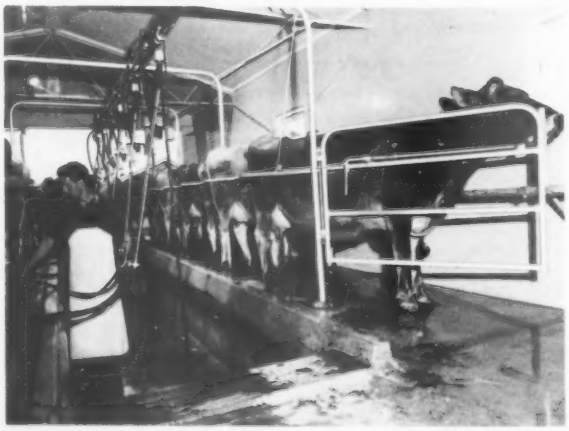
The program was launched and production goals set 3 years ago by an Agricultural Development Conference attended by representatives of all phases of the production, handling, marketing, and financing of primary products for overseas markets. Recommendations for the Conference had been drafted the year before by a number of committees set up to examine specific problems. These committees had determined that the answers to New Zealand's problems of financing a growing economy could be found by producing for those world markets which showed a constantly increasing demand over the preceding decade. The official task of the Agricultural Development Conference was—in the planning committee's words—"to indicate what increases in meat, wool, and dairy produce were practicable and desirable over 2, 5, and 10 years, and to recommend measures for achieving them."

Target prices set

The conference brought in representatives of government, producer boards, general farm organizations, chambers of commerce, the manufacturers' association, the Federation of Labor, banking associations, Young Farmers' Clubs, and the Association of Accountants. After some deliberation the Conference decided that although earnings at present levels would not support a reasonable rate of growth during the next decade, prospects were sufficiently good to warrant investment in farming to support a 4-percent compound growth rate in Gross National Product. It was believed that such a growth rate would result in a cumulative 2-percent per-annum improvement in per capita real income.

Proposed targets of financial increases in livestock output were based on f.o.b. prices of 50 US cents per pound for greasy wool, $420 per ton for meat, and the then current basic prices for dairy products—about 37 cents per pound for butterfat used in butter manufacturing and 43 cents per pound for cheese manufacturing.

The development program got off to a good start. The



entire industry geared itself to promote this expanded output, and overseas markets in 1964 and 1965 kept growing. Demand went up in these years in most items bought by the United States—one of New Zealand's markets for livestock products—mostly to supplement the United States own production.

World livestock prices were stable and the outlook appeared rosy. At home, weather conditions helped with two of the most favorable grass producing seasons recalled by oldtimers. Livestock products increased steadily, as seen in the table below:

NEW ZEALAND'S PRODUCTION OF MAJOR EXPORT COMMODITIES

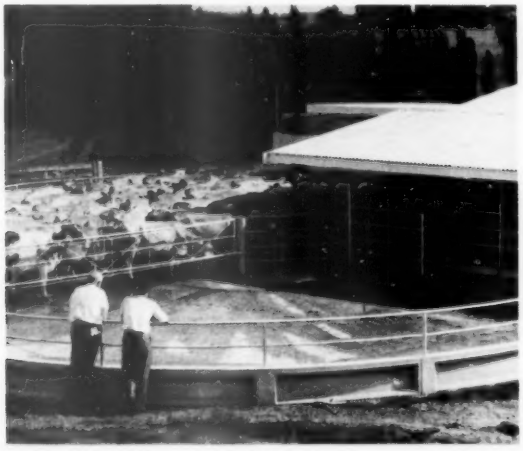
Year	Butterfat	Wool	Meat
	Million pounds	*Million pounds*	*Million pounds*
1962-63	568	620	1,852
1963-64	590	617	1,908
1964-65	623	623	1,844
1965-66	645	695	1,893

Dairy and wool output showed definite and immediate effects of the increase in livestock numbers, but meat production moved ahead less dramatically. Lambs slaughtered from October 1, 1966, through February 1967 numbered 13.3 million compared to 12.3 million in the same period of the previous season.

Beef showed a lesser gain, however, for a number of reasons. Farmers who keep beef cattle have been short a sufficient number of calves from their own herds to get maximum use out of their good lowland grazing areas. At the same time, these cattlemen have been reluctant to buy feeders from the hill areas because prices have been abnormally high in relation to returns from meat packing houses. Consequently, there has been a tendency to keep greater numbers of cattle on the cultivated pastures and to market them at higher weights.

Other indications of the campaign's success have been expansion in capital inputs in farm enterprises and increases in fertilizer use. Investment consists largely of plowed-back profits by farmers; government loans are made through the State Advances Corporation. These loans went from a modest $19.6 million a few years ago to over $58.8 million in each of the past 3 years. Financing for seasonal operations, supplied mostly by local banks and stock and station agents, ran between $14 million and $17 million before the production drive began but has almost doubled in each of the past 2 years. Application of commercial fertilizer moved from 1.3 million tons in 1963 to about 2 million last year.

Both the dairy and wool industries are suffering from low prices this year. Top left, sheepowner watches his flock in Masterton, near Wellington; lower left, milking machines are attached to cows in a modern milking shed on North Island; below, milking shed in Putaruru.



Problems erupt this year

Up until 1967 the production drive gathered steady momentum. Of course there were some clouds on the horizon—possible entry of the United Kingdom into the Common Market, lowered butter prices in London in early 1966, and a possible lamb surplus—but none were catastrophic, and all seemed either temporary or remote.

Then the bottom fell out of the coarse wool market, which is of primary concern to New Zealand. As of April 1, average wool prices for the current season were about 42 cents per pound, 7 cents below last year. After the Wool Commission upped the floor price from 41 cents to 42 cents per pound, the Commission found itself the principal buyer in most of the 1966-67 wool auctions. By March 31 the Commission held stocks of 310,192 bales and had paid out over $42 million from its $103.6-million stabilization fund.

Speaking recently in Christchurch, New Zealand's Minister of Finance Robert D. Muldoon said that by the end of the 1966-67 season the Wool Commission will have paid out $84 million for purchases of 600,000 bales of wool. (At the end of the season sales of wool had hit about $92.4 million.)

Lower prices for New Zealand's wool have caused the greatest concern, but continuing low butter prices also brought on some consternation since prices have dropped below the level sufficient to cover the support prices for butterfat. Export receipts from meat will be below last year's receipts because of decreased slaughter and shipments in 1966-67.

The New Zealand Government was quick to avert an economic crisis early in 1967 by taking some positive steps. In February it removed subsidies to domestic consumers for butter, flour, and bread and discontinued free school milk distribution. Greater curtailment of 1967-68 imports is expected through reductions in licenses. In early May, new tax increases were levied on luxuries, gasoline, and automobile registrations.

These steps may not have been enough, however, since official circles in New Zealand still fear that the momentum of production increases may come to a halt. There are some reasons to support these apprehensions. Fertilizer sales during the 9 months from July 1, 1966, to March 31, 1967, went down 13½ percent. While some of this drop may have been a leveling off from the very high usage built up in recent years, the more immediate cause for the drop probably was reduced farm income. From a high of $459.2 million in 1965-66, farm income in the New Zealand fiscal year 1966-67, which ended March 31, dropped 8.5 percent to an estimated $420 million. The availability of farm loans from State Advances Corporation has been limited to $56 million for 1967-68.

Birmingham Promotion Boosts U.S. Food Sales

Sales of all American foods carried by Rackham's Food Hall in Birmingham, England, rose sharply during a 2-week promotion earlier this year, the U.S. Agricultural Attaché's office in London reports. An analysis a month after the promotion showed that sales of some items—including a few stocked for the first time—held up particularly well, while others returned to their former levels.

Two of the new items, raisin bread and doughnuts, were so well received they are now a regular feature on the store's bakery shelves. During the 2-week event, the store sold 1,735 loaves of bread and 2,506 doughnuts. A month later, sales of these two items during a 2-week period registered 420 and 1,425 respectively.

Also introduced during the promotion were chicken and turkey rolls, which customers can now find anytime at the store's delicatessen counter.

Among U.S. foods stocked prior to the promotion, the sales value of one brand of canned fruit multiplied sevenfold during the event, and for one company's dips and seasonings, it increased tenfold as compared with an earlier 2-week period. The store stocks two brands of American rice, whose combined sales quintupled.

During the promotion, Rackham's added a third U.S. brand of Florida orange juice to the two already carried. Combined sales of the three more than doubled. Because customers seem to prefer reconstituted Florida juice, it has replaced the South African brand of canned juice formerly sold in the store's restaurant.

The restaurant featured an American luncheon menu, complete with a California wine list, throughout the event. Sales of traditional American fare—entrees included Kentucky fried chicken, baked Virginia ham, and Washington salmon steak—exceeded those of any other national promotion held at the store.

California wines, as well as American bourbon whiskey, were also spotlighted in the store's alcoholic beverage department. Wine sales in this department and in the restaurant totaled the equivalent of $300.

Rackham's is part of a group of stores known as Harrods. As a result of a report by Rackham's manager on the successful American food promotion, Harrods' London store is considering a similar promotion next spring.

Feeding Seminar in Trinidad Attracts 400 Local Farmers

Efforts by a leading American feed firm to assist livestock and poultry producers in Trinidad and Tobago resulted in an International Livestock Seminar last month. Lectures and discussions on nutrition, management, and feeding under tropical conditions drew some 400 local producers, who are using increasing amounts of U.S. feed for their stock.

Lecturers were livestock and poultry specialists from both U.S. and local organizations, including the feed firm, the University of the West Indies, Trinidad's Ministry of Agriculture, and the largest oil company in the country—an American firm which operates a pilot beef and dairy farm. The symposium was sponsored by the Trinidad branch of the feed firm in cooperation with Port-of-Spain's major newspaper, the *Trinidad Guardian*.

Livestock and poultry production in Trinidad and Tobago is expanding in response to growing demands for meat and eggs. This has generated larger imports of grains and feeds, particularly from the United States. In 1966, imports reached 59,695 short tons, some 75 percent above the 1961 level. Of this, 77.5 percent originated in the United States. Imports of U.S. corn have shown the most spectacular increase, rising from 11,665 tons in 1961 to 30,229 in 1966. The United States was also principal supplier of oilseed cake and meal, 6,668 tons, and prepared feeds, 6,952 tons, last year.

U.S. Firms at Megara Fair

Exhibits by 17 American firms, U.S. Feed Grains Council, and Soybean Council of America lent an international flavor to the Megara Poultry Fair last month in the Greek town of the same name.

The 17 commercial firms included poultry breeders, manufacturers of poultry-farm equipment, and producers of feed supplements.

Among the most popular of the U.S. exhibits were a model feed mill and a group of calves which were being fed on balanced rations.

Netherlands, Denmark Grant Development Loans to Peru

The Netherlands and Denmark are making development loans to Peru totaling the equivalent of $8.6 million.

The Dutch loan, for dairy cattle development, will consist of $1 million a year for 5 years. Of the total, 80 percent will be in the form of cattle and the remaining 20 percent in cash for services to the livestock industry. Two Dutch livestock specialists will provide technical assistance. The loan is repayable in 15 years, with a 5-year grace period, at interest of 4½-5 percent.

Prices for Dutch pedigreed dairy cattle, 14 months old, have been quoted at $450-$550, c.i.f. The Peruvian Government has indicated that although the quotations are high, it expects some sort of subsidy from the Dutch Government. The Peruvian Government has expressed some concern over the potential success of a program to distribute Dutch cattle among Peruvian dairymen, who are more familiar with U.S. dairy cattle.

The Netherlands, it is said, has also offered Peru a similar loan for importation of agricultural equipment.

The loan from Denmark, totaling $3.6 million, will be used to finance dairy and refrigerated storage plants. Issued for a period of 20 years, the loan is interest free.

Beef-Promotion Seminars

Top-quality U.S. beef was the subject of four seminars conducted last month by the Foreign Agricultural Service in Amsterdam, the Netherlands, Zurich and Geneva, Switzerland, and Paris, France. The seminars were held for representatives of the luxury hotel and restaurant trade.

Seminars were arranged by the agricultural attaché in each country and Ellard Pfaelzer, beef-marketing expert who serves as a consultant for FAS in overseas market development. Seminar programs included a discussion of the select wholesale cuts on display and carving demonstrations. Concluding each seminar was a dinner for those attending, which featured beef as the main course. Fresh chilled beef used at the seminars was donated by three U.S. meat suppliers and flown to each city free by two U.S. airlines.

Major American Agricultural Exhibit Slated for Japan Next Year

Secretary of Agriculture Orville L. Freeman has announced that USDA will stage a major overseas promotion of U.S. farm products next April in American agriculture's largest foreign market—Japan.

Coinciding with Japan's 1968 Meiji Centennial, which marks the opening of Japan to Western trade, the exhibition will take on the air of a festival honoring the country's large and growing trade with the United States.

In announcing plans for the exhibit, Secretary Freeman said: "The immediate objective of this exhibition is to strengthen further Japan's obvious goodwill toward U.S. food and agricultural products. We will do this with exhibits and interesting features aimed at getting the attention of the Japanese public, together with special activities which bring together Japanese and American trade, agricultural, and government leaders.

"From a longer range viewpoint, we hope to increase Japan's demand for U.S. food and agricultural products, which it already is buying at the rate of nearly a billion dollars a year. And we want to emphasize our dependability as a supplier. In carrying out these objectives, we will seek the active cooperation of U.S. agricultural trade organizations, commercial firms, farm organizations, State governments, and other groups that have a stake in the important Japanese market."

Site of the exhibit will be the Tokyo International Trade Center on Harumi Wharf in the heart of the city, where Japan's International Trade Fair and other major expositions are held. Over 100,000 square feet of indoor exhibit space will be devoted to displays of food and agricultural products arranged by commodity organizations, American and Japanese commercial firms, and State government agencies. The show will open on April 5 and run for 17 days.

At the same time, retail stores in Tokyo and other Japanese cities will hold American food promotions as a tie-in with the exhibit.

Japan became U.S. agriculture's leading customer in 1961 and each year purchases the output of about 11 million acres of American farmland—equivalent to the entire harvested area of the State of Indiana or Missouri. A recipient of food aid in the late 1940's and early 1950's, Japan is now strictly a cash customer, buying on commercial terms and paying in dollars.

Top dollar earner among U.S. agricultural exports to Japan in fiscal 1966 was feedgrains, valued at $234 million. Soybeans, including oil and meal, ranked second at $195 million, and wheat and flour third at $114 million. The remainder consists of almost the entire spectrum of products produced on American farms, including cotton, hides and skins, tobacco, rice, tallow, safflowerseed, fruits, dairy products, poultry, vegetables, nuts, hops, and variety meats.

Japan's food distribution system is becoming increasingly modern and efficient, with small supermarkets and self-service food stores rising in number.

The country's economic outlook is good. In the Japanese fiscal year ending March 31, growth in gross national product was 8.7 percent. Diets are improving, and people are eating more meat, milk, eggs, and processed foods. Since only 15 percent of Japan's land area is suitable for crops, about 30 percent of the country's food is imported. Competition for this business is keen, and both the United States and many other nations are actively promoting their agricultural products.

Right, aerial view of Harumi Wharf, with X marking the exhibition hall where major U.S. agricultural show will be held next April; above, entrance to the exhibit hall,

U.S. Trade in Livestock Products Increases in January-May

Exports of U.S. livestock and livestock products during the first 5 months of this year continue to run ahead of the January-May 1966 level. This increase has resulted from greater availability of domestic slaughter supplies.

Pork exports during the January-May period were up 46 percent from the same period in 1966. Total red meat exports were up 24 percent, and shipments of variety meats (offals) were up 26 percent. Lard and tallow exports were up 22 percent and 9 percent, respectively. Cattle hide exports were up 6 percent. Live cattle exports (mainly breeding cattle) were up 43 percent.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product-weight basis]

Commodity	May 1966	May 1967	Jan.-May 1966	Jan.-May 1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	512	156	2,092	1,079
Fresh & chilled	2,001	90	7,233	1,192
Boneless beef	40,246	45,021	231,949	276,921
Cuts (prepared)	287	106	1,376	526
Veal	2,150	2,157	8,528	7,173
Canned beef:				
Corned	.....	5,678	.....	26,546
Other, incl. sausage	5,355	973	30,064	5,036
Prepared and preserved	2,281	2,721	8,369	15,288
Total beef & veal	52,832	56,902	289,611	333,761
Pork:				
Fresh and frozen	3,896	4,149	19,164	19,295
Canned:				
Hams & shoulders	14,199	17,396	91,143	88,365
Other	3,798	3,201	21,393	19,192
Cured:				
Hams & shoulders	81	108	640	643
Other	347	272	1,863	1,687
Sausage	126	128	835	1,066
Total pork	22,447	25,254	135,038	130,248
Mutton and goat	7,045	4,059	26,642	21,683
Lamb	1,354	810	8,383	4,179
Other sausage	430	491	2,315	2,758
Total red meat	84,108	87,516	461,989	492,629
Variety meats	389	217	1,869	1,355
Wool (clean basis):				
Dutiable	14,792	8,287	90,318	49,238
Duty-free	8,320	5,566	44,735	25,784
Total wool	23,112	13,853	135,053	75,022
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Hides and skins:				
Cattle	18	3	125	58
Calf	13	58	108	216
Kip	28	48	164	140
Buffalo	44	42	192	170
Sheep and lamb	2,785	1,529	14,316	9,900
Goat and kid	882	721	4,804	3,412
Horse	27	23	124	91
Pig	279	43	1,019	540
	Number	*Number*	*Number*	*Number*
Live cattle[1]	94,123	64,876	482,691	305,308

[1]Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Imports of all red meats into the United States were up 7 percent during the first 5 months of 1967. Pork and lamb imports were down 3 percent and 50 percent, respectively, but this was more than offset by a 15-percent increase in beef and veal imports. Live cattle imports—mainly feeder cattle from Canada and Mexico—totaled 305,308 head, down 37 percent from a year earlier.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product-weight basis]

Commodity	May 1966	May 1967	Jan.-May 1966	Jan.-May 1967
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	15,177	12,971	59,293	72,421
Tallow and greases:				
Inedible	220,717	211,413	831,721	909,296
Edible	980	2,970	5,721	10,721
Meats:				
Beef and veal	2,144	2,834	13,001	13,837
Pork	4,413	3,632	16,986	24,835
Lamb and mutton	215	218	654	653
Sausages:				
Except canned	153	227	793	833
Canned	101	65	592	509
Other canned meats	551	660	3,492	3,402
Meat specialties:				
Frozen	202	272	805	907
Canned	133	185	851	1,052
Total red meats	7,912	8,093	37,174	46,028
Variety meats	11,633	22,396	76,527	96,755
Sausage casings:				
Hog	524	469	2,742	2,693
Other natural	500	163	1,967	1,274
Mohair	616	879	3,365	4,394
Hides and skins:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Cattle (parts)	.....	4,153	.....	17,361
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Cattle	1,278	1,096	5,697	6,044
Calf	134	216	978	922
Kip	23	48	229	209
Sheep and lamb	216	380	989	1,465
Horse	5	11	26	32
Goat and kid	40	9	171	92
	Number	*Number*	*Number*	*Number*
Live cattle	2,844	3,413	12,793	18,364

Bureau of the Census.

U.S. Exports of Soybeans, Edible Oils, Meals

Soybean exports from the United States totaled 204.7 million bushels during December 1966-May 1967, compared with 207.8 million in the same period a year ago. Exports to West Germany showed a slight gain, and those to Spain remained above last year's level.

Soybean oil exports for October-May 1966-67 reached 645.9 million pounds—a rise of 55.3 million over the previous year. Major increases were in shipments under Public Law 480 to India, Tunisia, and the U.A.R., while the major decline was in tonnage sent to Pakistan. Exports of cottonseed oil were 62.4 million pounds. Total for the two oils was 708.2 million, a drop of 121.1 million.

Meal exports also lagged behind last year's level. Exports during the current marketing year were 1.9 million short tons, compared with 2.2 million in 1965-66. A decline of 120,000 tons in soybean meal and 90,000 tons in cottonseed meal exports accounted for the decrease. Outstanding among the markets taking considerably less soybean meal than last year were France, Denmark, the United Kingdom, and Poland.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, OILCAKE AND MEAL

Item and destination	Unit	May 1966[1]	May 1967[1]	Sept.-May '65-66[1]	Sept.-May '66-67[1]
SOYBEANS					
Japan	Mil. bu.	6.5	4.0	49.1	45.9
Netherlands	do.	2.7	3.5	29.9	28.6
Germany, W.	do.	2.1	3.3	26.2	27.5
Spain	do.	1.7	1.3	14.4	20.2
Italy	do.	.7	2.1	14.8	15.1
Canada	do.	4.5	1.0	22.8	14.0
Others	do.	3.3	5.1	50.6	53.4
Total	do.	21.5	20.3	207.8	204.7
Oil equivalent	Mil. lb.	236.5	223.3	2,282.0	2,247.5
Meal equivalent	1,000 tons	506.1	478.0	4,884.1	4,810.2
		May		Oct.-May	
SOYBEAN OIL:[2]		1966[1]	1967[1]	'65-66[1]	'66-67[1]
India	Mil. lb.	2.2	40.5	15.9	135.7
Tunisia	do.	0	6.8	16.6	71.1
U.A.R., Egypt	do.	.7	.4	8.1	49.8
Pakistan	do.	.3	2.7	100.5	48.4
Burma	do.	14.1	0	32.3	45.0
Yugoslavia	do.	1.8	.4	47.4	28.2
Greece	do.	.3	6.5	28.1	21.6
Vietnam, S.	do.	2.1	1.0	12.2	19.9
Brazil	do.	6.2	4.5	21.0	19.2
Others	do.	47.0	40.8	308.5	207.0
Total	do.	74.7	103.6	590.6	645.9
COTTONSEED OIL:[2]					
U.A.R., Egypt	do.	2.3	0	27.7	25.5
Venezuela	do.	3.8	1.1	22.6	21.8
Canada	do.	2.3	.6	35.7	5.6
Others	do.	3.5	.4	152.8	9.5
Total	do.	11.9	2.1	238.8	62.4
Total soybean & cottonseed oils	do.	86.6	105.7	829.4	708.3
CAKES AND MEALS					
Soybean:					
Germany, W.	1,000 tons	30.1	39.1	350.7	350.8
France	do.	38.9	31.1	333.2	299.2
Netherlands	do.	25.0	54.9	237.3	276.2
Canada	do.	20.5	20.8	154.7	153.0
Italy	do.	28.5	41.8	145.1	139.6
Belgium	do.	14.5	21.0	124.7	135.0
Yugoslavia	do.	6.8	11.5	65.5	105.4
Denmark	do.	9.8	5.1	111.5	69.1
United Kingdom	do.	9.3	6.2	90.8	53.7
Poland	do.	0	.8	64.1	36.4
Others	do.	37.3	27.4	309.3	230.8
Total	do.	220.7	259.7	1,986.9	1,849.2
Cottonseed	do.	.3	.6	97.2	6.4
Linseed	do.	8.6	1.2	60.7	68.1
Total cakes & meals[3]	do.	239.9	263.9	2,176.2	1,939.4

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

[1]Preliminary. [2]Includes Titles I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening exported under Title II. Excludes estimates of Title II exports of soybean and cottonseed oils not reported by Census. [3]Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records.

U.S. Cotton Exports Higher in May

U.S. exports of all types of cotton amounted to 4,142,000 running bales in the first 10 months (August-May) of the 1966-67 season. This was 58 percent above the 2,625,000 exported in the same period a year earlier.

Exports in May were 416,000 bales, compared with 288,000 in April and 214,000 in May 1966.

U.S. cotton exports during the 1966-67 season are now estimated at about 4.7 million bales, compared with 2.9 million last season and an average of 4.2 million for the past five seasons.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1 Average 1960-64	1964	1965	Aug.-May 1965	Aug.-May 1966
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	11	3	2	4
Belgium-Lux	121	80	43	40	50
Denmark	14	6	7	6	6
Finland	17	11	8	8	15
France	319	184	108	99	149
Germany, West	269	217	92	86	150
Italy	345	260	102	95	237
Netherlands	110	65	38	36	30
Norway	13	13	10	10	10
Poland & Danzig	125	66	42	42	71
Portugal	21	22	6	6	1
Spain	74	28	10	10	1
Sweden	81	58	59	57	66
Switzerland	74	66	35	34	75
United Kingdom	244	153	131	122	135
Yugoslavia	112	109	169	117	138
Other Europe	17	11	12	10	11
Total Europe	1,979	1,360	875	780	1,149
Australia	61	60	33	31	14
Bolivia	7	5	4	3	4
Canada	353	390	269	246	258
Chile	18	1	3	3	3
Colombia	3	1	57	56	1
Congo (Kinshasa)	6	29	25	20	8
Ethiopia	9	4	20	18	6
Hong Kong	148	150	94	87	168
India	314	243	63	48	225
Indonesia	40	47	(1)	(1)	161
Israel	15	23	5	5	2
Jamaica	4	5	5	5	5
Japan	1,192	990	705	660	1,180
Korea, Rep. of	261	261	301	252	286
Morocco	12	12	12	10	13
Pakistan	14	9	6	6	3
Philippines	123	75	93	79	123
South Africa	41	43	27	25	37
Taiwan	209	203	178	158	327
Thailand	34	55	55	50	56
Tunisia	2	6	13	13	14
Uruguay	6	0	(1)	(1)	0
Venezuela	8	6	5	5	1
Vietnam, South[2]	46	63	73	46	62
Other countries	19	19	21	18	36
Total	4,924	4,060	2,942	2,624	4,142

[1]Less than 500 bales. [2]Indochina prior to 1958; includes Laos and Cambodia.

Cotton Production Increases in Morocco

Production of cotton in Morocco has risen consistently during the past several years, averaging 26,000 bales (480 lb.) in 1960-64 and reaching a record of 45,000 bales in 1965-66. Although planted area in 1966 was larger than

in the previous year, yields were low because of drought, and production fell to around 35,000 bales. The area for 1967 is expected to be somewhat smaller than the 50,000 acres estimated for 1966, but with normal rainfall, production should reach 40,000 bales.

Morocco produces primarily long and extra-long staple cotton, almost all of which is exported. Probably less than 1,000 bales of the extra-long staple cotton and about 3,000 of long staple (Ashmouni) are consumed locally. Production of Ashmouni is increasing more rapidly, proportionately, than that of the Pima, Giza, and Karnak varieties.

Cotton production is very lucrative for Moroccan farmers, but many problems seem to deter any substantial further expansion. Although prices are good, farmers are dissatisfied with long delays in receiving payment and in obtaining credit. Also, the growing demand for land for food production and alternative cash crops prevents a rapid increase in cotton acreage.

Morocco exported approximately 30,000 bales of cotton during the 1965-66 season. Mainland China, Hungary, Czechoslovakia, Spain, and the Soviet Union were the principal markets.

During 1965-66, Morocco's imports (all upland type) totaled 22,000 bales. Nearly half was purchased from the United States under the government barter program. Morocco relies on imports of short and medium staple cotton for domestic consumption, in addition to the small quantities of locally produced long and extra-long staples. Consumption has been increasingly steadily and is expected to reach 35,000 bales during 1966-67.

Morocco's spinning industry has grown rapidly during the past few years. By the end of 1967, it is expected to have thirteen spinning mills with a total of 156,000 spindles. Annual consumption should approach 50,000 bales when these spindles are in full operation.

Dutch Government Aids Textile Industry

The Dutch Government recently announced that it will make available 150 million guilders (approximately $41.4 million) in the form of credit guarantees to its cotton, rayon, and linen industries. The credit guarantees are to encourage investment for modernizing of equipment.

Investment credits will be available for financing 50 percent of total investment outlays, but the industry must finance the other 50 percent from its own resources. Loans will be granted by the National Investment Bank with a 3- to 5-year grace period and optional postponement of interest payments.

The textile industry expects that investments totaling 80 million guilders annually during the next 3 years can restore its competitive position. The government's assistance is aimed at increasing the efficiency of basically sound enterprises. Investments that expand existing capacity will be excluded from financial support. Steps will also be taken to bar imports of textiles at dumping prices. In the near future, a government decision regarding financial support for research and development is expected.

Cotton consumption in the Dutch textile industry in 1965-66 (August-July) totaled around 325,000 bales (480 lb. net), a decline of more than 10 percent from the preceding year; in the current season mill offtake is not expected to increase. In the first half of this marketing season mill consumption totaled 172,000 bales, about the same as in the first half of 1965-66. Deterioration in the country's textile trade balance is a principal cause of the decline in mill activity. Reduced economic activity throughout Western Europe has lowered export demand for Dutch textiles, while at the same time an increasing share of the domestic demand is being supplied with imports.

Jamaica's Pimento Exports Rise, Ginger Down

Jamaican pimento exports during 1966 rose to 5.3 million pounds valued at $4.6 million, 70 percent over 1965 shipments of 3.1 million pounds valued at $2.5 million. West Germany was the largest buyer, taking 1.57 million pounds, followed by the United States with 863,840. Other major markets were Poland and the Soviet Union, with 745,920 and 669,760, respectively.

Ginger exports in 1966 fell slightly to 1.84 million pounds valued at $592,000 from 1.94 million pounds at $757,000 in 1965. The United Kingdom was the major buyer, with 928,555 pounds; the United States was second with 694,182.

Morocco's Tobacco Imports Rise a Little

Morocco's imports of unmanufactured tobacco in 1966 totaled 8.7 million pounds—up 4 percent from the 8.3 million purchased in 1965. Larger imports from Indonesia and Cuba accounted for the increase.

Principal sources of Morocco's tobacco imports last year included Brazil 2.6 million pounds, the Dominican Republic 1.0, Indonesia 900,000, Cuba 900,000, and the Philippines 800,000. The United States furnished 700,000 pounds in 1966, compared with 1.0 million in 1965.

MOROCCO'S TOBACCO IMPORTS

Origin	1964	1965	1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Brazil	2,935	2,747	2,602
Dominican Republic	1,836	1,281	1,005
Indonesia	568	284	904
Cuba	551	.....	882
Philippines	1,257	1,279	849
Colombia	1,021	772	772
United States	552	1,036	718
India	441	551	331
Dahomey	551	.....	309
Cameroon	404	298	.....
Others	404	94	314
Total	10,520	8,342	8,686

Argentine Tobacco Exports Decline, Imports Up

A sharp reduction in export availabilities caused Argentina's 1966 tobacco exports to drop to 18.3 million pounds, compared with 24.3 million in 1965.

France and West Germany, as usual, were the biggest overseas markets for Argentine leaf last year. Combined exports to the two countries accounted for 86 percent of the total. Other principal markets included Uruguay, the Netherlands, Belgium, Switzerland, and Algeria.

Most of Argentina's tobacco exports consist of dark air-cured tobaccos. In 1966, exports of flue-cured, however, were larger than in 1965, totaling 4.6 million pounds, compared with 3.5 million the previous year. West Germany took 3.5 million pounds of flue-cured in 1966 at an average price equivalent to about 43 U.S. cents per pound.

Imports of tobacco into Argentina jumped sharply from

184,000 pounds in 1965 to 1.1 million pounds last year. Practically all of the imports were oriental leaf from Greece and burley from Mexico.

ARGENTINE TOBACCO EXPORTS

Destination	1965[1]	1966[1]
	1,000 pounds	*1,000 pounds*
France	17,301	12,326
Germany, West	4,037	3,516
Uruguay	375	795
Netherlands	645	331
Belguim	651	318
Switzerland	344	302
Algeria	503	302
Chile	....	187
Others	439	254
Total	24,295	18,331

[1] Includes small quantities of cut tobacco.

Yugoslavia's Tobacco Exports Lower Last Year

Yugoslavia's tobacco exports in 1966 totaled 46.1 million pounds, compared with 51.2 million in 1965. The United States was the major buyer of Yugoslav leaf, taking 16.7 million pounds or 36 percent of the country's total exports. In 1965, U.S. takings were 9.8 million pounds. Other important markets included the Soviet Union 6.6 million, East Germany 6.2 million, and Poland 4.0 million.

YUGOSLAVIA'S TOBACCO EXPORTS

Destination	1964	1965	1966[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	10,392	9,759	16,739
USSR	6,544	6,645	6,614
Germany, East	7,373	2,268	6,151
Poland	9,655	8,031	3,968
UAR	57	4,302	2,966
France	3,427	2,642	2,235
Germany, West	1,793	5,946	1,764
Austria	375	441	690
Czechoslovakia	5,270	5,290	331
Italy	2,536	2,602	2,315
Others	2,754	3,298	2,290
Total	50,176	51,224	46,063

[1] Preliminary; subject to revision.

Poland's Cigarette Output Declines in 1966

Poland's cigarette output last year totaled 59,138 million pieces. This was 2.2 percent below the 1965 high of 60,465 million.

Cigarette sales, however, continued upward through 1966 and amounted to 56.5 billion pieces, compared with 53.1 billion for the previous year.

Thailand's Tobacco Exports Gain

Thailand exported a total of 16.0 million pounds of tobacco in 1966, 20 percent more than the 13.3 million shipped abroad in 1965. Of the 1966 total, 15.5 million pounds were flue-cured tobacco.

Major markets for Thai flue-cured last year, with purchases in millions of pounds, included West Germany 6.8, Japan 3.3, Switzerland 1.3, and West Malaysia 1.1. The average export price per pound, in terms of U.S. cents, to major destinations included West Germany 29, Japan 49, Switzerland 30, and West Malaysia 25.

The outlook is for larger exports of flue-cured this year, with Austria and Belgium especially likely to boost their purchases.

THAILAND'S FLUE-CURED EXPORTS

Destination	1965	1966	Av. 1966 price per lb.
	1,000 pounds	*1,000 pounds*	*U.S. cents*
Germany, West	5,063	6,824	29
Japan	3,092	3,348	49
Switzerland	554	1,342	30
Malaysia, West	538	1,090	25
Netherlands	1,005	849	31
United Kingdom	4	443	43
Singapore	255	367	27
Belgium	11	311	29
Finland	163	245	25
Yugoslavia	0	222	29
Laos	738	0	....
Others	332	418	....
Total	11,755	15,459	34

Uruguay Imports More Tobacco

Uruguay's tobacco imports in 1966 were 9.6 million pounds, compared with 5.0 million in 1965. Brazil and Paraguay were the most important sources of Uruguay's leaf imports in both years. Imports of U.S. leaf, at 1.3 million pounds, were about double those for 1965.

URUGUAY'S TOBACCO IMPORTS

	1965	1966
	1,000 pounds	*1,000 pounds*
Brazil	1,638	2,343
Paraguay	739	2,143
United States	619	1,272
Argentina	375	926
El Salvador	.....	754
Mexico	383	591
Philippines	292	509
Dominican Republic	77	481
Colombia	155	399
Others	723	146
Total	5,001	9,564

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President Takes Action To Restrict U.S. Dairy Imports

A sharp cutback is taking place in U.S. dairy product imports as a result of a proclamation by President Johnson setting import quotas for a number of dairy products.

Effective July 1, 1967, the proclamation aims at reducing dairy product imports one-fourth below the high rate of early 1967 to about 1 billion pounds, milk equivalent, annually. This is being accomplished by extending the existing import quota system to include butterfat sugar mixtures, such as Junex, for use in ice cream manufacture; Colby and other American-type cheese except Cheddar (which is now under quota); and frozen cream.

Annual imports of all American-type cheese will be limited by quotas to some 16 million pounds. This includes an increase of about 6 million pounds in the previous Cheddar-cheese quota, a new quota of about 6 million pounds for Colby and other American-type cheese, and a separate quota of 1,225,000 pounds for Cheddar aged 9 months or more. Imports of Colby cheese were 46.8 million pounds in 1966 and about 50 million in the first half of 1967.

Imports of butterfat/sugar mixtures will be restricted to 2,580,000 pounds annually. This figure about equals the 1961-65 average.

The annual quota for frozen cream is 1.5 million gallons.

These items have been largely responsbile for the surge over the last 2 years in U.S. dairy-product imports. From 900 million pounds, milk equivalent, in 1965, imports rose to 2.8 billion in 1966 and on to an annual rate of 4.3 billion in the first half of 1967.

As a result of the sharp import rise, the USDA in January 1-June 27 of this year had to purchase 208 million pounds of butter, 101.9 million of cheese, and 379 million of dry milk under the dairy price support program at a cost of $265.6 million.

Not affected by the new order are butter, butteroil, dried milks, certain competitive cheeses, and other dairy products already imported under quotas. In addition, certain items with limited markets—chocolate crumb, processed Edam and Gouda cheese, and processed Italian-type cheese—continue free of quotas.

Detailed regulations covering licensing procedures, quota shares (by country) for American-type cheese and Cheddar cheese, and related matters will be issued by the USDA in the near future. All firms now eligible for dairy import licenses, as well as firms on record as desiring an import license, will be notified of the new regulations and license-application procedures, which will also be published in the Federal Register.

IFC Backs Indian Fertilizer Plant

The International Finance Corporation (IFC) recently completed financing arrangements for a $82.5-million fertilizer plant being established in India under the sponsorship of Imperial Chemical Industries Limited—one of the world's leading chemical companies.

IFC is investing approximately $11.5 million in equity and loan capital in the plant—the first fertilizer operation to receive IFC financing. The plant will help meet India's critical need for more fertilizer to increase domestic food production; it will also benefit the Indian balance of payments through foreign exchange savings estimated at $25-30 million annually.

The new plant, to be located near Kanpur in Uttar Pradesh, is being integrated into an established company—Indian Explosives Limited, which was formed in 1954 by the International Cooperative Institute (ICI) with participation of the Indian Government. In addition to IFC's subscription, equity capital to finance the fertilizer project is being provided by ICI and the Indian Government, as well as through an offering of shares to the Indian public. Management and technical services will be provided by Imperial Chemical Industries Limited, which recently became affiliated with Indian Explosives.

The plant will have an annual production capacity of 450,000 metric tons of urea (200,000 of nitrogen) and is expected to begin commercial production late in 1969. It will serve the Punjab, Haryana, and Uttar Pradesh, which make up one of India's richest agricultural areas.

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